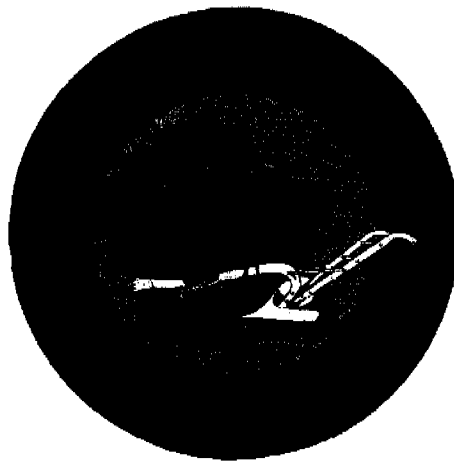


**COUNTY OF COLUSA,
CALIFORNIA**



**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2009**

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**COUNTY OF COLUSA, CALIFORNIA
SINGLE AUDIT ACT
FOR THE YEAR ENDED JUNE 30, 2009**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors and Grand Jury
County of Colusa
Colusa, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Colusa, California (County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. Significant deficiencies are described in the accompanying Schedule of Findings and Questioned Costs as item numbers 09-FS-01 and 09-FS-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters



As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of the County in a separate report dated March 19, 2010.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

To the Board of Supervisors and Grand Jury
County of Colusa
Colusa, California

This report is intended solely for the information and use of management, others within the organization, the Board of Supervisors and Grand Jury, and Federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

 & 

Smith & Newell, CPAs
Yuba City, California
March 19, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors and Grand Jury
County of Colusa
Colusa, California

Compliance

We have audited the compliance of County of Colusa, California (County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirement of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 09-SA-01.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

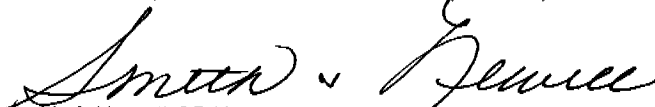
To the Board of Supervisors and Grand Jury
County of Colusa
Colusa, California

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Colusa, California, as of and for the year ended June 30, 2009, and have issued our report thereon dated March 19, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, others within the organization, the Board of Supervisors and Grand Jury, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Smith & Newell CPA's
Yuba City, California
March 19, 2010

COUNTY OF COLUSA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

| <u>Federal Program/Pass Through Program Title</u> | <u>CFDA Number</u> | <u>Federal Pass-Through Grantor Number</u> | <u>Federal Expenditures</u> |
|---|--------------------|--|---------------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| Passed through State Department of Social Services: | | | |
| Supplemental Nutrition Assistance Program | 10.551 | - | \$ 1,909,708 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | - | 237,580 |
| Passed through State Controller's Office | | | |
| Schools and Roads - Grants to States | 10.665 | - | 99,703 |
| Total U.S. Department of Agriculture | | | 2,246,991 |
| <u>U.S. Department of Defense</u> | | | |
| Direct Program: | | | |
| Payments to States in Lieu of Real Estate Taxes | 12.112 | - | 184,171 |
| Total U.S. Department of Defense | | | 184,171 |
| <u>Department of Housing and Urban Development</u> | | | |
| Direct Program: | | | |
| Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | - | 1,500 |
| Total Department of Housing and Urban Development | | | 1,500 |
| <u>U.S. Department of the Interior</u> | | | |
| Direct Program: | | | |
| Fish and Wildlife Management Assistance | 15.608 | - | 41,724 |
| Total U.S. Department of the Interior | | | 41,724 |
| <u>U.S. Department of Justice</u> | | | |
| Passed through State Office of Emergency Services: | | | |
| Crime Victim Assistance | 16.575 | VW 0813 0060 | 26,131 |
| Passed through State Office of Criminal Justice Planning: | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | DC 0821 0060 | 119,292 |
| Total U.S. Department of Justice | | | 145,423 |
| <u>U.S. Department of Transportation</u> | | | |
| Passed through Federal Aviation Administration: | | | |
| Airport Improvement Program | 20.106 | AIP 3-06-0048-11 | 72,820 |
| Passed through State Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | BRLS-5915 (037) | 200,327 |
| Highway Planning and Construction | 20.205 | BRLO-5915 (027) | 60,146 |
| Highway Planning and Construction | 20.205 | BRLO-5915 (045) | 4,621 |
| Highway Planning and Construction | 20.205 | BRLO-5915 (048) | 28,766 |
| Highway Planning and Construction | 20.205 | SPOA-5915 (049) | 28,473 |
| Subtotal 20.205 | | | 322,333 |
| Total U.S. Department of Transportation | | | 395,153 |

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF COLUSA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

| <u>Federal Program/Pass Through Program Title</u> | <u>CFDA Number</u> | <u>Federal Pass-Through Grantor Number</u> | <u>Federal Expenditures</u> |
|---|--------------------|--|---------------------------------|
| <u>Institute of Museum and Library Services</u> | | | |
| Direct Program: | | | |
| Grants to States | 45.310 | 40-7041 | \$ 1,980 |
| Total Institute of Museum and Library Services | | | <u>1,980</u> |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Direct Program: | | | |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance | 93.283 | - | 141,972 |
| National Bioterrorism Hospital Preparedness Program | 93.889 | - | 101,860 |
| Passed through State Department of Aging and CSU, Chico | | | |
| Research Foundation/Area Agency on Aging: | | | |
| Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | 93.044 | IIIB-0212-09 | 9,302 |
| Special Programs for the Aging - Title III, Part C - Nutrition Services | 93.045 | IIIC-025-09 | 42,815 |
| Nutrition Services Incentive Program | 93.053 | - | 7,554 |
| Passed through State Department of Social Services: | | | |
| Promoting Safe and Stable Families | 93.556 | - | 19,013 |
| Temporary Assistance for Needy Families | 93.558 | - | 1,502,875 |
| Child Welfare Services - State Grants | 93.645 | - | 18,581 |
| Foster Care - Title IV-E | 93.658 | - | 846,014 |
| Adoption Assistance | 93.659 | - | 131,336 |
| Social Services Block Grant | 93.667 | - | 26,331 |
| Chafee Foster Care Independence Program | 93.674 | - | 22,330 |
| Passed through State Department of Child Support Services | | | |
| Child Support Enforcement | 93.563 | - | 356,657 |
| ARRA - Child Support Enforcement | 93.563 | - | <u>62,901</u> |
| Subtotal 93.563 | | | <u>419,558</u> |
| Passed through State Department of Alcohol and Drug Programs: | | | |
| Block Grants for Community Mental Health Services | 93.958 | SAMSHA | 53,815 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | SAPT | 388,024 |
| Passed through State Department of Health Services: | | | |
| Maternal and Child Health Services Block Grant to the States | 93.994 | MCH | 71,844 |
| Medical Assistance Program | 93.778 | Foster Care Health | 5,743 |
| Medical Assistance Program | 93.778 | CHDP | 60,428 |
| Medical Assistance Program | 93.778 | CCS Adm | 67,533 |
| ARRA - Medical Assistance Program | 93.778 | IHSS | <u>25,039</u> |
| Subtotal 93.778 | | | <u>158,743</u> |
| Passed through State Department of Community Services and Development: | | | |
| Community Services Block Grant | 93.569 | 08F-4912 | <u>5,963</u> |
| Total Department of Health and Human Services | | | <u>3,967,930</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF COLUSA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

| <u>Federal Program/Pass Through Program Title</u> | <u>CFDA Number</u> | <u>Federal Pass-Through Grantor Number</u> | <u>Federal Expenditures</u> |
|--|--------------------|--|---------------------------------|
| <u>Department of Homeland Security</u> | | | |
| Passed through State Office of Emergency Services: | | | |
| Homeland Security Grant Program | 97.067 | 2007-08 | \$ 63,042 |
| Homeland Security Grant Program | 97.067 | 2008-06 | 39,900 |
| Subtotal 97.067 | | | <u>102,942</u> |
| Emergency Management Performance Grants | 97.042 | 2008-9 | 37,018 |
| State Homeland Security Program (SHSP) | 97.073 | 2007-08 | 62,338 |
| Law Enforcement Terrorism Prevention Program (LETPP) | 97.074 | 2007-08 | 35,527 |
| Total Department of Homeland Security | | | <u>237,825</u> |
| Total | | | <u>\$ 7,222,697</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF COLUSA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Colusa. The County of Colusa reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

3. RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements, federal award revenues are reported principally in the County's financial statements as inter governmental revenue in the General and Special Revenue Funds.

4. PROGRAM CLUSTERS

Federal programs, which must be audited together as a program cluster, include the following:

| <u>Federal CFDA</u> | <u>Program Title</u> | <u>Federal Expenditures</u> |
|--|--|-----------------------------|
| <u>Supplemental Nutrition Assistance Program Cluster</u> | | |
| 10.551 | Supplemental Nutrition Assistance Program | \$ 1,909,708 |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 237,580 |
| | Total | <u>\$ 2,147,288</u> |
| <u>Aging Cluster</u> | | |
| 93.044 | Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | \$ 9,302 |
| 93.045 | Special Programs for the Aging - Title III, Part C - Nutrition Services | 42,815 |
| 93.053 | Nutrition Services Incentive Program | 7,554 |
| | Total | <u>\$ 59,671</u> |

5. PASS -THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

6. CALIFORNIA DEPARTMENT OF AGING

The California Department of Aging (CDA) requires agencies who receive CDA funding to display a reconciliation of accrual basis expenditures as reported on the Financial Closeout Report to cash basis expenditures confirmed as of June 30, 2009. The following schedule summarizes the reconciliation for these programs.

| <u>Program</u> | <u>Total Expenditures</u> | <u>Accrual Adjustments</u> | <u>Confirmed Amount</u> |
|-----------------------------|---------------------------|----------------------------|-------------------------|
| IIIB Transportation | \$ 9,302 | \$ - | \$ 9,302 |
| IIIC-1 Congregate | 8,400 | (154) | 8,554 |
| IIIC-2 Home Delivered Meals | 34,415 | 17 | 34,398 |
| Total | <u>\$ 52,117</u> | <u>(\$ 137)</u> | <u>\$ 52,254</u> |

COUNTY OF COLUSA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

8. CALIFORNIA DEPARTMENT OF AGING (CONTINUED)

Beginning with the fiscal year ended June 30, 2004, the CDA requires agencies to display state funded expenditures discretely along with federal expenditures. The County expended the following state and federal amounts of these grants:

| <u>Program</u> | <u>Grant Amount</u> | <u>CFDA</u> | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|----------------------------|---------------------|-------------|------------------|--------------|------------------|
| IIIB Transportation | \$ 9,304 | 93.044 | \$ 9,304 | \$ - | \$ 9,304 |
| IIIC-1 Congregate | 8,400 | 93.045 | 8,400 | - | 8,400 |
| III-2 Home Delivered Meals | <u>34,415</u> | 93.045 | <u>39,415</u> | - | <u>34,415</u> |
| Total | <u>\$ 52,117</u> | | <u>\$ 52,117</u> | <u>\$ -</u> | <u>\$ 52,117</u> |

7. LOANS OUTSTANDING

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2009:

| <u>Federal CFDA</u> | <u>Program Title</u> | <u>Amount Outstanding</u> |
|-------------------------|--|-------------------------------|
| 14.228 | Community Development Block Grant/State's Program and Non Entitlement Grants in Hawaii | \$ 1,550,919 |
| 14.239 | HOME Investment Partnerships Program | <u>169,278</u> |
| | Total Loans Outstanding | <u>\$ 1,720,197</u> |

COUNTY OF COLUSA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Status

- | | |
|--|-------------|
| 1. Type of auditor's report issued | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|--|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditor's report issued on compliance for major programs: | |
| All major programs | Unqualified |
| 3. Any audit findings disclosed including those that are required to be reported in accordance with OMB Circular A-133 Section 510(a)? | Yes |
| 4. Identification of major programs: | |
| 10.551 Supplemental Nutrition Assistance Program | |
| 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | |
| 20.205 Highway Planning and Construction | |
| 93.558 Temporary Assistance for Needy Families | |
| 93.658 Foster Care - Title IV-E | |
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

II. FINANCIAL STATEMENT FINDINGS

- | | |
|---|----------|
| Financial Reporting: Significant Deficiency | 09-FS-01 |
| Financial Reporting: Significant Deficiency | 09-FS-02 |

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

- | | |
|-------------|----------|
| CFDA 93.558 | 09-SA-01 |
|-------------|----------|

COUNTY OF COLUSA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30 2009

09-FS-01 STATEMENT ON AUDITING STANDARDS NO. 112 (Financial Reporting: Significant Deficiency)

Condition

Currently, the County relies on the external auditors to ensure its financial statements are in accordance with generally accepted accounting principles (GAAP).

Cause

Prior to issuance of SAS 112, the County was able to rely on the external auditors to assist with recording certain financial transactions and with preparation of the financial statements and related notes without being subject to control deficiencies.

Criteria

In May 2006, a new auditing standard, Statement on Auditing Standards No. 112, Communicating Internal Control Related Matters Identified in an Audit (SAS 112), was issued. The standard provides guidance in that if an entity is unable to draft its own financial statements, there may be a material weakness or significant deficiency. External auditors cannot be part of the County's internal controls, including controls over the preparation of the financial statements, and are prohibited from auditing their own work as doing so impairs their independence.

The County should have the capacity to prepare full disclosure financial statements in accordance with generally accepted accounting principles. To carry out this responsibility, the County must have proper internal controls over financial reporting in place. Proper internal controls over financial reporting include, but are not limited to, internal controls that identify misstatements in the financial records, retaining staff competent in financial reporting and related oversight roles, and adequate design of internal control over the preparation of the financial statements.

Effect of Condition

The risk of misstatement in the financial statements increases when management is not able to apply GAAP in recording the entity's financial transactions or preparing its financial statements, including the related notes. Also, by relying on the external auditors to assist with recording certain financial transactions and to ensure its financial statements are in accordance with GAAP, the County is considering the external auditors a part of its internal controls over the preparation of the financial statements.

Recommendation

The County may consider the following possible actions:

1. Provide training opportunities for its accounting staff that would enable them to become more familiar with generally accepted accounting principles as well as general disclosure requirements. This training should include, but is not limited to, the use of a disclosure checklist, which provides guidance to the financial statement's content and whether a necessary disclosure has been overlooked.
2. Hire an external accountant to consult with for proper transaction recording for unusual transactions and to confirm that the financial statements and related disclosures are in accordance with GAAP.
3. Take no action. The County may find that the costs outweigh the benefits to adhere to this standard. No action will continue to result in a significant deficiency in the County's internal controls.

Corrective Action Plan

The requirements of Statement on Auditing Standards No. 112 are taken very seriously by the County Auditor staff. New legislation, requirements and standards have increased substantially in the past several years. The increased oversight, independence, and reporting requirements have dramatically impacted the functions and work load within the County Auditor's Office. Consequently there is a recognized need for an additional, experienced accountant to assist with all of the new requirements and provisions. With the limited available resources, the Auditor's Office will do their best to maintain services to the County departments and the public, while attempting to comply with all new requirements placed on the accounting industry. The Auditor's Office will concentrate on specialized training for key positions in order to comply with Auditing Standards No. 112 as the budget allows.

COUNTY OF COLUSA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30 2009

09-FS-02 TIMELINESS OF FINANCIAL REPORTING (Financial Reporting: Significant Deficiency)

Condition

We noted that the accounting records of the County were not ready for audit in a timely manner.

Cause

One cause may be that too many accounts require analysis and adjustment at year end. If accounts were analyzed and adjusted on a regular basis during the year the workload at year end may be less.

Criteria

Government Accounting Standards require that audited financial statements and the data collection form be submitted within nine months of the year end, or in the case of a June 30, year end, by March 31 of the subsequent year.

Effect of Condition

Unless the accounting records of the County are ready for audit in a timely manner, financial reporting deadlines cannot be met.

Recommendation

We recommend that procedures be reviewed to determine if delegation of account analysis and adjustment or other measures could improve the timeliness of the financial reporting process.

Corrective Action Plan

It is believed that work is delegated appropriately and that the existing Auditor staff is working effectively with the current resources provided. It is also believed the Auditor's Office would benefit with the addition of an experienced accountant, as the work load and governmental reporting requirements have increased substantially in the past several years. However, the audit will be given priority status and we will work diligently to complete the financial reporting and final review process on a timelier basis. With Board of Supervisors support we are establishing strict deadlines for County departments to submit financial data, which will assist the Auditor's Office to meet the various audit deadlines.

COUNTY OF COLUSA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30 2009

09-SA-01

| | |
|-----------------------------|---|
| Name: | TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) |
| CFDA #: | 93.558 |
| Federal Grantor: | U.S. Department of Health and Human Services |
| Pass Through Entity: | California Department of Social Services |
| Award No.: | N/A |
| Year: | 2008/2009 |

Condition

Out of forty cases tested, we noted in one file the IEVS statement was not signed by the eligibility worker.

Perspective

We noted that 1 out of 40 cases tested did not contain the completed IEVS statement.

Criteria

As required by Section 1137 of the Social Security Act, benefit information from the Income Eligibility and Verification System (IEVS) database must be requested and used when making eligibility determinations. The County must review and compare the information obtained from IEVS against information contained in the case record to determine whether it affects the individual's eligibility, level of assistance, benefits or services.

Effect of Condition

Clients may receive benefits to which they are not entitled.

Questioned Cost

No costs are questioned.

Recommendation

We recommend that the County determine the reason for the deficiencies noted above and implement proper procedures to strengthen internal controls.

Corrective Action Plan

The Human Services Supervisor holds monthly staff meetings with the Eligibility staff who process TANF cases. The Supervisor regularly reminds them in these meetings of the importance of securing, reviewing, and signing IEVS reports at Intake. Employees are reminded that "add-a-person" is the equivalent of an initial application ("Intake") and as such the IEVS for the added person requires the Eligibility Worker's review and signature. The Supervisor also includes the two Employment and Training Workers in these meetings as they at times assist in application processing for cash assistance.

COUNTY OF COLUSA, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30 2009

| <u>Audit Reference</u> | <u>Status of Prior Year Audit Recommendations</u> |
|------------------------|--|
| 08-FS-01 | <p>CLOSURE/POST CLOSURE</p> <p>Recommendation</p> <p>We recommend that the County thoroughly review the calculation of the closure/post closure liability for both the closed and open landfills to ensure that the liability is correctly calculated and that the inflation factor has been applied to all landfills as required.</p> <p>Status</p> <p>Implemented</p> |
| 08-FS-02 | <p>STATEMENT ON AUDITING STANDARDS NO. 112</p> <p>Recommendation</p> <p>The County may consider the following possible actions:</p> <ol style="list-style-type: none">1. Provide training opportunities for its accounting staff that would enable them to become more familiar with generally accepted accounting principles as well as general disclosure requirements. This training should include, but is not limited to, the use of a disclosure checklist, which provides guidance to the financial statement's content and whether a necessary disclosure has been overlooked.2. Hire an external accountant to consult with for proper transaction recording for unusual transactions and to confirm that the financial statements and related disclosures are in accordance with GAAP.3. Take no action. The County may find that the costs outweigh the benefits to adhere to this standard. No action will continue to result in a significant deficiency in the County's internal controls. <p>Status</p> <p>Not Implemented</p> |
| 08-FS-03 | <p>TIMELINESS OF FINANCIAL REPORTING</p> <p>Recommendation</p> <p>We recommend that procedures be reviewed to determine if delegation of account analysis and adjustment or other measures could improve the timeliness of the financial reporting process.</p> <p>Status</p> <p>Not Implemented</p> |

COUNTY OF COLUSA, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30 2009

| <u>Audit Reference</u> | <u>Status of Prior Year Audit Recommendations</u> | |
|------------------------|---|--|
| 08-SA-01 | Name: | TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) |
| | CFDA #: | 93.558 |
| | Federal Grantor: | U.S. Department of Health and Human Services |
| | Pass Through Entity: | California Department of Social Services |
| | Award No.: | N/A |
| | Year: | 2007/2008 |
| | Recommendation | |
| | We recommend that the County determine the reason for the deficiencies noted above and implement proper procedures to strengthen internal controls. | |
| | Status | |
| | In Progress | |

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